



ANNUAL REPORT

For the Year Ended

December 31, 1934



424 NORTH NINETEENTH STREET

PHILADELPHIA, PA.

OFFICE OF THE PRESIDENT

*To the Stockholders of
American Stores Company:*

The annual report of the Company for the year ended December 31, 1934 is presented herewith.

Net earnings for the year, after providing for depreciation and taxes, amounted to \$3,362,739. or \$2.58 per share on 1,301,870 shares of Common Stock outstanding in the hands of the public at December 31, 1934. These results compare with \$4,197,707. or \$3.22 on the same number of shares outstanding for the year 1933.

Total sales amounted to \$114,365,212. as compared with \$109,387,150. for the preceding year, or an increase of \$4,978,062. At December 31, 1934, 2,859 stores were in operation, a net decrease of 23 stores during the year. The policy of closing two or more smaller stores in the same community and replacing these with one large modern market in a better location has been continued. Improvements have also been made to the fittings and fixtures of stores with a view to providing the public with better facilities.

The consolidated balance sheet attached hereto shows a strong financial position. The inventories are conservatively valued at the lower of cost or market prices prevailing at the year end.

The attention of our stockholders is called to the increasing burden of regulatory and taxation laws. Certain revenue bills pending in the legislatures of some of the States in which your Company operates would impose heavy additional burdens. The need for revenue by these States is apparent but if the retailer is singled out in this legislation such a program can result only in higher costs of living for the consumer. Taxes, to be equitable, should be spread uniformly over all business activities.

We have in our employ approximately 18,000 people in the States of New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, Virginia and West Virginia. During this year of continued unsettled conditions and readjustments your employees have shown increased loyalty and co-operation. We, therefore, look forward to the future with confidence.

March 2, 1935.

A large, stylized handwritten signature in dark ink, likely belonging to the President of the company.

President.

AMERICAN STORES COMPANY

and Subsidiary Companies

Consolidated Balance Sheet

December 31, 1934

ASSETS

Current Assets

Cash.....	\$ 3,487,555.75
U.S. Government and Other Marketable Securities— at cost	2,699,881.78
(Market Value \$2,095,881.)	
Due from Relief Agencies	992,314.25
Accounts Receivable.....	183,009.84
Inventories—at cost or market, whichever was lower	12,908,129.86
Accrued Interest Receivable	19,430.29
Total Current Assets.....	20,290,321.77
Loans to Employees—with common stock of company as collateral	612,663.45
Balances in closed banks—less reserve.....	49,231.95
Miscellaneous Investments—at cost	24,246.36
Treasury Stock—98,130 shares common stock.....	3,500,951.51

Fixed Assets

Warehouses, Store Properties, Bakeries, Canneries, Garages, Stables, etc.—at cost	\$ 21,565,050.95
Less: Reserve for Depreciation	9,281,071.76
	12,283,979.19
Goodwill.....	1.00
Deferred Charges.....	384,074.89
	<u>\$ 37,145,470.12</u>

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Charges.....	\$ 2,368,059.59
Dividend Payable.....	650,935.00
Reserve for Federal and State Taxes	620,777.56
Total Current Liabilities.....	3,639,772.15
Reserve for Contingencies.....	913,596.87

Capital and Surplus

Common Stock—no par value	
1,500,000 shares authorized	
1,400,000 shares issued and outstanding..	\$ 19,374,156.46
Earned Surplus.....	13,217,944.64
	32,592,101.10
	<u>\$ 37,145,470.12</u>

AMERICAN STORES COMPANY

and Subsidiary Companies

Statement of Consolidated Income and Surplus

for the Year Ended December 31, 1934

INCOME ACCOUNT

Sales.....		\$114,365,212.92
Cost of Merchandise Sold.....		<u>89,118,867.86</u>
Gross Profit.....		25,246,345.06
Wages, Rents, Operating and Administrative Expenses.....	\$ 20,496,052.09	
Depreciation.....	<u>1,055,557.00</u>	<u>21,551,609.09</u>
Profit from Operations		3,694,735.97
Other Income.....		<u>185,003.85</u>
Net Profit before Federal Income Taxes		3,879,739.82
Reserve for Federal Income Taxes		<u>517,000.00</u>
Net Income.....		<u><u>\$ 3,362,739.82</u></u>

EARNED SURPLUS

Balance—December 30, 1933	\$ 13,109,879.82
Net Income for year 1934.....	<u>3,362,739.82</u>
	16,472,619.64
Less: Dividends on Common Stock.....	<u>\$ 3,254,675.00</u>
Balance—December 31, 1934.....	<u><u>\$ 13,217,944.64</u></u>

BARROW, WADE, GUTHRIE & CO.

(ESTABLISHED 1883)

ACCOUNTANTS AND AUDITORS

GIRARD TRUST BUILDING
SOUTH PENN SQUARE
PHILADELPHIA, PA.

NEW YORK, N. Y.
CHICAGO, ILL.
BOSTON, MASS.
PHILADELPHIA, PA.
SAN FRANCISCO, CAL.
LOS ANGELES, CAL.
UTICA, N. Y.
DALLAS, TEX.
HOUSTON, TEX.
DETROIT, MICH.
CLEVELAND, OHIO.
ST. LOUIS, MO.
BALTIMORE, MD.
PORTLAND, OREG.
SEATTLE, WASH.
MONTREAL, CANADA
TORONTO, CANADA
WINNIPEG, CANADA
MEXICO CITY, MEX.

LONDON, ENGLAND
MANCHESTER, ENGLAND
LIVERPOOL, ENGLAND
NEWCASTLE, ENGLAND
GLASGOW, SCOTLAND
DUNDEE, SCOTLAND
MELBOURNE, AUSTRALIA
SYDNEY, AUSTRALIA
BUENOS AIRES, ARGENTINE
RIO DE JANEIRO, BRAZIL
PARA, BRAZIL
SAO PAULO, BRAZIL
PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM
CAPE TOWN, SOUTH AFRICA

To the Board of Directors,
American Stores Company,
Philadelphia, Pa.

We have made an examination of the consolidated balance sheet of American Stores Company and its subsidiary companies as at December 31, 1934, and of the statement of consolidated income and surplus for the year so ended. In connection therewith, we examined or tested accounting records of the Companies and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related statement of consolidated income and surplus fairly present, in accordance with accepted principles of accounting consistently followed by the Companies during the year under review, the consolidated financial position at December 31, 1934 and the combined results of their operations for the year ended that date.

BARROW, WADE, GUTHRIE & CO.,
Auditors.

Philadelphia, Pa.
February 28, 1935.

American Stores Company

OFFICERS

<i>President</i>	Samuel Robinson
<i>Vice-President</i>	Robert H. Crawford
<i>Vice-President and General Manager</i>	James K. Robinson
<i>Vice-President and Treasurer</i>	Wm. M. M. Robinson
<i>Secretary</i>	E. J. Flanigan
<i>Assistant Treasurer</i>	Wm. Gould
<i>Assistant Secretary</i>	J. V. Keers

DIRECTORS

Samuel Robinson	James K. Robinson
Robert H. Crawford	Wm. M. M. Robinson
John Eagleson	Joseph Gilfillan
E. J. Flanigan	William Park
John M. Hancock	